

**STATE OF MINNESOTA  
DEPARTMENT OF COMMERCE**

Bulletin 2006-2  
Issued this 1st day of March, 2006

**TO: ALL AUTOMOBILE INSURANCE COMPANIES LICENSED TO DO  
BUSINESS IN MINNESOTA**

**SUBJECT: 2005 Legislative Session Amendments to Minn. Stat. §72A.201, subd. 6  
clause (7) (Chapter 140 of 2005)**

**Reason for Bulletin:**

The following information is being provided to all insurance companies authorized to write automobile insurance coverage in the State of Minnesota to assist them in complying with the aforementioned amendment to Minn. Stat. §72A.201, subd. 6 clause (7) enacted into law by the Minnesota Legislature in 2005.

The amendment prohibits an insurer from "engaging in any act or practice of intimidation, coercion, threat, incentive, or inducement for or against an insured to use a particular contractor or repair shop."

The amendment also specifically requires that: At the time a claim is reported, the insurer must provide the following advisory to the insured or claimant:

"Minnesota law gives you the right to choose a repair shop to fix your vehicle. Your policy will cover the reasonable costs of repairing your vehicle to its pre-accident condition no matter where you have the repairs made. Have you selected a repair shop or would you like a referral?"

The amendment to Minn. Stat. §72A.201, subd. 6 clause (7) also requires that once an insured has indicated that he or she has selected a repair shop, the insurer "must cease all efforts to influence the insured's or claimant's choice of repair shop."

The Department has recently received several complaints alleging that some insurers, especially those who use national claims centers and/or third party claim reporting services, are not providing the required disclosure or are continuing to attempt to influence insureds into selecting a preferred or network vendor, even after the insured has identified a specific repair shop to the insurer or its agent.

The Department expects that insurers will take all steps necessary to ensure that their claims operations are in full compliance with this new statute and all other applicable provisions of Minnesota insurance law. Failure to do so could expose violators to both administrative sanctions and civil penalties of up to \$10,000 per violation.

  
Glenn Wilson  
COMMISSIONER